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ABSTRACT

This article makes an argument for including a capstone, or end-of-term, business simulation course in community college business curricula. The International Business Practice Firm (IBPF), a worldwide virtual business network, is proposed as a foundation for such a course. The author argues that, in general, graduates of college business programs lack the necessary skills to apply theory to practical business situations, are deficient in the application of technology in business, are unfamiliar with the structural features of a business entity, and lack the global perspective to do business in today's economy. The objectives of a capstone simulation course are in line with recent policy statements from the Policies Commission for Business and Economic Education on the direction community colleges should be taking in their business programs. Benefits of a capstone simulation course include the development of workplace competencies, fostering an awareness of the global business climate, and providing relevant business technology skills. A course of this nature should be flexible to address the needs of career, transfer, and continuing education students. The advantage of an IBPF format for a community college over typical published business simulation games is the ability to integrate hands-on business skills with the managerial decision-making aspects of running a business. (JA)

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Benefits of Including a Capstone Simulation Course In Community College Business Curricula

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Abstract

The article makes an argument for including a capstone business simulation course in community college business curricula. The International Business Practice Firm, a worldwide virtual business network, is proposed as a foundation for such a course. The objectives of a capstone simulation course are in line with recent policy statements from the Policies Commission for Business and Economic Education on the direction community colleges should be taking in their business programs. Benefits of a capstone simulation course include the development of workplace competencies, fostering an awareness of the global business climate and providing relevant business technology skills. A course of this nature should be flexible to address the needs of career, transfer and continuing education students.

Benefits of Including a Capstone Simulation Course in Community College Business Curricula

It is generally perceived in the U. S. that college business programs have failed to adequately prepare students for the needs of business. Business graduates in general lack the necessary skills to apply theory to practical business situations, are deficient in the application of technology in business, are unfamiliar with the structural features of a business entity and lack the global perspective to do business in today's economy. Furthermore, graduates lack the necessary soft skills to operate successfully in a business environment, such as communications, teamwork, problem solving and critical thinking skills.

With nearly 100,000 business associate degrees and certificates awarded annually, the Community College plays a significant role in preparing students for entry level positions in business as well as preparing students for transfer to four year business schools. Since approximately half of students in community colleges are enrolled in programs to prepare for employment or upgrade skills in their current jobs (Policies Commission for Business and Economic Education, 1994), the development of occupational competencies is particularly important at these institutions. The Policies Commission for Business and Economic Education (PCBEE), a national commission supported by the National Business Education Association (NBEA), through its policy statements has outlined the role community college business programs should play in preparing its graduates for the business world. Many of the outcomes specified in these statements relate to the perceived shortcomings of graduates by the business community. To address deficiencies in community college business curricula, several community colleges in the U.S. have instituted a business simulation course modeled on the International

Business Practice Firm (IBPF), a network of "virtual" businesses which has been in existence in Europe for over 30 years (Kaufmann & Sepe, 1998), to provide a hands-on approach to teaching business skills. To a large extent, the objectives of the IBPF program are in line with PCBEE views on where business education in community colleges should be heading. If community colleges were to adopt the IBPF program as a required capstone course in their business curriculums, graduates would have the opportunity to integrate business theory with the practical aspects of doing business, thus better preparing them for successful transfers or careers.

PCBEE Policy Statements

The following are statements from PCBEE's (1994) Policy Statement no. 55, which outlines the PCBEE beliefs about business programs in community colleges, that would be addressed by the inclusion of a business simulation course in the curricula of these institutions:

- Business programs should provide workplace competencies such as communication, critical thinking, problem solving, team building and decision making skills. Students should be able to demonstrate adaptability and transferability of skills in a variety of work situations.
- Business curricula should reflect the knowledge, skills and attitudes considered necessary by employers.
- Business educators should provide students with opportunities for practical work experiences.
- Technical skills should be integrated into business curricula.
- Business educators should provide assistance to entrepreneurs by focusing more on developing the skills necessary to establish and manage a business.

- Business curricula should incorporate international education into all business programs. Students should develop an awareness of the increasing interdependence among global economies, and an appreciation of world conditions and developments.

PCBEE (1999) Policy statement no. 64, which details the Commission's position on the role of business education at all levels, provides additional support for the idea of including a business simulation course in business curricula. The following is an excerpt from that statement:

> At all educational levels, the business educator must transform the classroom into a virtual enterprise. Here, learners apply their learning "just-in-time" for the daily operation of the business. In this virtual enterprise, learners face and learn to handle actual business situations such as creating business plans, handling finances, identifying staffing needs, marketing products and services, and fulfilling customer needs. Delivering business knowledge, skills, and attitudes in this way enables the business educator to facilitate student problem solving and decision making at its highest level.

Business Simulation Today

Business simulations first came into use in universities in 1957 (Watson, 1981) and have grown rapidly in use since then. Although the use of business simulation in business curricula is considered to be widespread, few studies have been done to measure their usage, particularly at the community college level. A survey of AACSB member schools by A.J. Faria (1998) disclosed that 97.5% of respondents used at least one business simulation game in their business curriculum. This is up significantly from a 1962 AACSB survey in which 71.1% used at least one course (Dale & Klasson, 1962). The Faria (1998) survey also determined that 27.7% of faculty surveyed used business simulation in a course they taught. Of these faculty, business

policy instructors (58.9%) were the most likely to use business simulation, followed by management (28.7%) and marketing instructors (26.7%). Least likely to use business simulation were finance (13.0%) and accounting (10.3%) faculty. Business simulation is more likely to be used at the undergraduate level, and generally involve the use of published simulations (Faria, 1998) that mimic business data and situations.

To what extent business simulation is used at the community college level is perhaps worthy of a survey. However, given that the majority of business courses offered at these institutions are at the introductory level, and that capstone simulation courses are not included in mainstream community college business curricula, it is safe to say that business simulation is not used extensively at these institutions. However, Mercer County Community College in Trenton, New Jersey is leading a consortium of several colleges (mostly community colleges) in the U.S., which have implemented a business simulation course modeled on the International Business Practice Firm (IBPF). This form of learning environment could perhaps serve as the foundation for the development of a business capstone course to be included in community college business curricula.

Description of IBPF

The IBPF is a network of over 2,500 "virtual" businesses from over 20 countries around the world (Kaufmann & Sepe, 1998). Each firm within the network is established by students with the aid of faculty, and simulates the operation of an actual business. Each firm operates within a closed network, where other IBPF's are "customers" in an environment where firms buy and sell goods/services from each other. IBPF's are generally composed of four departments: finance, purchasing, marketing and human resources, and perform all the functions necessary to

run a business. The following details the specific functions of each department (Mercer County Community College, 2000):

Finance

- Oversee foreign and domestic cash receipts and disbursements
- Plan and monitor a budget
- Process payroll
- Prepare financial statements
- Monitor exchange rates

Purchasing

- Determine purchasing policies
- Requisition goods and services
- Maintain inventory records
- Update information on suppliers
- Complete export documentation

Marketing

- Develop a marketing plan
- Prepare advertising material
- Conduct market research
- Organize a sales campaign

Human Resources

- Administer personnel interviews
- Conduct staff meetings
- Maintain employee records
- Oversee employee training

The firm's activities are carried out in an authentic office setting using current networking technologies and software, along with the necessary office equipment and telecommunications devices. The activities of the firm are coordinated by a faculty member, who provides a blend of classroom instruction with a structured, supervised business simulation environment.

IBPF activities in the U.S. are coordinated by Mercer County Community College's Center for Simulated Business Services (CSBS). The CSBS provides simulated business services required to run an IBPF, including banking services (start-up loans, checking accounts, foreign banking services) and government services (corporation registration, collection of taxes and export documentation). The Center also simulates market conditions to stimulate trading

activities. As of 2000, CSBS services are provided to particip ting colleges at a fee of $2,000 per year plus $500 for each additional firm.

Each IBPF has a real local business as a mentor, or may establish a board of directors comprised of business executives and faculty. At the beginning of each semester, each student submits a personal resume, which serves as a basis for assignment to one of the four departments. Generally, students are rotated to at least one additional department to provide them further business perspective. Since IBPF's may perpetuate from semester to semester, business plan are revisited and updated as necessary. Although each IBPF generates a bottom line as measured by financial statements, evaluations of students are based on annual reports of activities prepared by each department which outline strategies taken during the course to address business situations. To encourage teamwork throughout the course, students also evaluate each other in terms of their effectiveness as team members.

Benefits of IBPF as a Capstone Course at Community Colleges

A capstone business course modeled on the IBPF would address many of the issues discussed in PCBEE policy statements as well as shortcomings identified by employers in relation to business programs. The course would be particularly beneficial in the areas of developing workplace competencies in communications, critical thinking and team building skills, and would acquaint students with the structure and workings of a business. Since students would be doing "virtual business" with foreign IBPF firms, they would gain an appreciation of the global economy and would acquire hands-on skills in executing international transactions.

An additional benefit of a capstone simulation course is that its structure can be easily tailored to the needs of career, transfer and continuing education students. The course would

provide a better learning experience than internships or business cooperative programs in that students would be exposed to a broader range of business situations. The advantages of an IBPF format for a community college over typical published business simulation games is the ability to integrate hands-on business skills (i.e. bookkeeping, advertising material preparation, requisitioning, export document preparation, payroll processing, etc.) with the managerial decision-making aspects of running a business, thus appealing to a wider range of desired student outcomes.

Challenges and Recommendations

The IBPF program could serve as the foundation for the development of a capstone n business simulation course at community colleges. In developing a program of this nature, there are several issues that should be considered:

1) For a capstone course to be successful, the program should not be held to a rigid set of outcomes, but rather should be sufficiently flexible to accommodate the needs of a diverse student population. The course should be tailored to the specific needs of the individual career, transfer and continuing education students. Each student should develop objectives at the beginning of the course in consultation with a faculty advisor, and the objectives should consider the students' academic interests and career goals. For instance, a student planning a career in bookkeeping could be assigned to the finance department to process payroll and oversee cash receipts/disbursements, and subsequently rotated to the purchasing department to maintain inventory records and requisition goods and services. A transfer student aspiring to enter a 4-year business program in marketing could be assigned to the marketing department to develop a marketing plan and organize a sales campaign; rotating to the human

resources department to conduct staff meetings and administer personnel interviews. A continuing education student looking to acquire the skills to enter the export market could be assigned to conduct market research, and subsequently given responsibility for export documentation.

2) Certainly the inability to provide a consistent set of outcomes for each student from semester to semester will be a major obstacle for the acceptance of a capstone simulation course in community college business programs. In proposing this course to curriculum committees, care should be taken to develop a flexible but standardized student evaluation process reflecting measurable achievements.

3) One of the major problems with business simulations in general is the inability to validate the effectiveness of such programs (Engeholm & Bigel, 1996), despite efforts towards this end by the academic community since the early 70's. Nonetheless, these programs should be frequently evaluated from a variety of perspectives; perhaps drawing in local businesses to evaluate the relevancy of skills taught in the program

4) The capstone course should integrate all aspects of e:commerce into each of the business departments, including the issues of security, database management, web site design and customer relations management.

5) A challenge in implementing a capstone business course is the availability of qualified faculty to deliver the courses. The instructor should have broad business knowledge and experience to successfully coordinate the firm's activities. The instructor's role should be that of a facilitator, and therefore he or she should possess the necessary communications and team building skills to effectively foster an interactive, critical thinking environment. Faculty from

all business areas should be called upon to provide their expertise to the firm as necessary throughout the course.

6) Principles of business ethics should be integrated throughout the simulation exercise. Alternative courses of action during the simulation should be evaluated in the context of proper business practices.

7) Funding the necessary office equipment and technology will be a significant challenge for community colleges adopting a capstone simulation course. Efforts should be made to partner with local businesses where possible, perhaps providing training facilities in exchange for shared funding of the simulation center.

A capstone business simulation course as part of a community college curriculum would provide important benefits to both students and employers of business graduates. By exposing students to a virtual business setting, and tailoring the program to individual student goals, many of the PCBEE policy statement objectives will have been met, and many of the shortcomings of business programs as perceived by employers will have been addressed.

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